

Message Text

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PAGE 01 BERN 04335 171627Z

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

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INFO USMISSION EC BRUSSELS

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

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USMISSION OECD PARIS

AMCONSUL ZURICH UNN

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TAGS: EFIN, EEC, SZ

SUBJ: REMARKS OF ALEXANDER HAY ON SWISS ASSOCIATION WITH THE SNAKE
AND ON INTERNATIONAL MONETARY REFORM

REF: A) BERN 4240; B) EC BRUSSELS 8948

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PAGE 02 BERN 04335 171627Z

1. ALEXANDER HAY, VICE PRESIDENT, SWISS NATIONAL BANK SPEAKING

TO A GROUP OF OECD COUNTRY ECONOMIC COUNSELORS TODAY, SAID THAT IT HAS BEEN AGREED AT THE TECHNICAL LEVEL THAT IF SWITZERLAND JOINS THE SNAKE, THE RATES OF EXCHANGE ON EITHER SIDE OF WHICH THE OTHER SNAKE CURRENCIES COULD FLUCTUATE VIS A VIS THE SWISS FRANC WOULD BE THOSE PREVAILING JUST PRIOR TO SWISS ENTRY.

2. IN A SEPARATE CONVERSATION WITH THE ECON/COM COUNSELOR HAY SAID HE STILL HAS SERIOUS DOUBTS ABOUT FRENCH WILLINGNESS TO ALLOW THE SWISS TO JOIN. THERE IS (AS REPORTED SEPTEL-WEEKLY ECONOMIC REPORT) A FRENCH RESERVATION; FRANCE IS STILL ASKING FOR CONTROLS OVER SWISS FRANC HOLDINGS ABROAD OWNED BY SWISS RESIDENTS, TO WHICH SWITZERLAND CANNOT AGREE.

3. IN HIS REMARKS TO THE GROUP HAY STATED HIS DISBELIEF IN THE POSSIBILITY THAT GOLD COULD BE DE-MONETIZED. HE ALSO EXPRESSED THE CONTINUED SWISS PREFERENCE FOR RULES PROVIDING FOR STABLE EXCHANGE RATES, BY WHICH HE SAID HE MEANT RULES ALLOWING FOR A REASONABLE MARGIN OF FLUCTUATION; PROVISIONS FOR BASIC CHANGES IN PRIORITIES, HE SAID, MIGHT BE SIMILAR TO THE RULES APPLYING TO SNAKE PARTICIPANTS. HE SAID THAT SWISS PARTICIPATION IN THE SNAKE WOULD BE A STEP IN THIS DIRECTION.
ODELL

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